Application Package for Low Income Housing Tax Credits (cover sheet)
Added - "All applications must be submitted on Delaware State Housing Authority forms".

First paragraph - dates and tax credit amounts were changed.

The following dates changed:
- 04/15/05 - Application due date.
- 06/10/05 - DSHA will notify sponsors of their ranking in accordance with the QAP and designated set asides outlined in the application package.
- 07/22/05 - Commitments for all financing must be submitted to DSHA.
- 08/05/05 - DSHA will make Tax Credit reservations for selected projects.
- 09/09/05 - Deadline for pre-closing documents for HDF-financed projects.
- On or before 11/02/05 - DSHA will allocate Credits to selected projects.

Qualified Allocation Plan
Page 16
1. Non-Profit Pool - $254,931
2. New Castle County Pool - $446,471
3. Kent & Sussex County Pool - $341,472

Page 17
4. Preservation Expiration Pool - $300,000

Page 20
Developer Fee - (see DSHA for calculation) was added.

Eligible Basis Limitations
BEDROOM size - limits were updated.

Page 21
Families in Poverty - incomes for households were updated.

Page 23
Related Party - note was added to read: Note: See DSHA for Related Party Developer Fee Calculation.

Page 28
6) Local and Community Notice for Acquisition/Rehabilitation Developments - date changed to April 25, 2005.
Page 31
Minimum Requirements- the following paragraph was added to this section:

- Rehabilitation - Any development allocated rehabilitation credits must vacate units in order to complete renovation activities and also provide relocation assistance to tenants in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

Page 32
Point System for New Castle County Pool - the following paragraph was added to this section:

- Three (3) points will be awarded to developments that will be converted to home ownership for the residents after the initial fifteen (15) year compliance period has expired. In such instances, the extended use period will be waived. The deed of easement and Declaration of Restrictive Covenants shall reflect a right of first refusal be granted by the owner to the residents. Units must be offered at the units' fair market value at the time of the original resident's initial occupancy of the unit. Total costs per unit is subject to the limits of Section 221 (d)(3)(ii) of Section 42. Applicants must submit a detailed marketing plan which includes projections on maintenance, tenant reserve funds, homeownership training, continued affordability, sales price calculation, lease purchase agreements, etc. The plan will be evaluated for feasibility and compliance with all regulations (Section 42, Fair Housing, and all other funding sources requirements). Syndication documents must reflect the conversion.

Page 33
Per Unit Cost Reduction - the following paragraph was added to this section:

- One to five points (1-5) points will be awarded to Developers, whose per unit costs are fifty percent (50%) to eighty percent (80%) of the current HUD 221 (d) (3) limits. The table below defines the number of points earned based on Total Development Cost (TDC) range by bedroom size. Per unit costs are determined by dividing the total fee cost (LIHTC App. Part II, Economics, section F, line item a) by the number of units (adjusted for bedroom size).

Note: In the event of the final TDC exceeds the initial TDC indicated on the application, DSHA reserves the right to withdraw the allocation of credits.

- Added - chart based on HUD 221 (d)(3) limits.

Page 38
Site and Neighborhood Standards, item B - added the following sentence:

- Each factor listed below must be supported and documented in the market study.

Page 39
Development and Unit Amenities- added the following Amenity

- Internet access (within each residential unit)
Page 40
Community Outreach
- Notification deadline date changed to March 15, 2005

Page 41
Site and Neighborhood Standards for Kent and Sussex Counties - the following sub-title was added:
- Each factor listed below must be supported and documented in the market study.

Page 42
Point System for all Sponsors:
- All applications must score a minimum of fifty-five (55) points for an award of credits.

Page 44
- Applications must be submitted to the DELAWARE STATE HOUSING AUTHORITY, 18 The Green, Dover, Delaware 19901, no later than 3:30 p.m. on April 15, 2005. Late submissions will not be accepted. Two complete applications must be submitted, and one additional application if applying for Housing Development Fund Loans. All applications must have original signatures.

Page 59
Program Approval - dates were changed.

Attachments to Qualified Allocation Plan
Page 1
Added Attachment 12. - DSHA Relocation Policy

Page 2
Developer Fee - added the following:
- For identity of interest acquisitions of existing rental properties, the fee for acquisition is calculated as 2 1/2% of the acquisition costs less land value. (see DSHA for calculation)

Page 3
Equity Factor - changed equity factor from seventy-eight cents to eight one cents

Relocation - revised paragraph.

Operating Income - the 4th paragraph, added last sentence to read:
- For subsidized developments, existing escrows and interim income may be used to fund required reserves. (see DSHA for guidance)

Page 4
Debt Coverage Ratio -
- Changed 1.10:1 Loan to value ratio of 50% or less to 1:15:1
- Changed 1.15:1 loan to Value ratio of 51%-60% to 1.20:1
Replacement Reserves-added the following:
* $1,500 per unit replacement reserve can be established during construction. Interim Income can be used to establish the reserve. If at permanent closing the $1,500 per unit balance has been met, the annual replacement reserve per unit cost will reduce to $500 per unit.

Page 5
Trending (20-year proforma)- added the following:
Section 8 Properties Trending must be approved by Contract Administrator prior to application submission.

Subsidized Properties - removed Income and Expenses percentages.

Page 9
Eligible basis limits were changed.

Page 12
Exhibit 12 - dates were changed.

Page 13
Exhibit 15 - the following was changed to read:
- **Sites and Neighborhood Verification** - Identify the site and clearly indicate distance to services which include, but are not limited to, retail/commercial facilities, employment, daycare and public transportation. List and describe separately how each of these services that the development has access to improves the quality of life to the residents.

Exhibit 21 - date was changed.

Page 14
Exhibit 22 - date was changed.

Page 16
Exhibit 53- title was changed to read:
Realty Transfer Tax, Title 30 §5401(8)C –( see DSHA for form).

Exhibit 55 – date was changed.

Page 17
Exhibit 63 - the Exhibit and sentence were added:
- Cost Certifications - **NOTE:** must be submitted to DSHA prior to final allocation of credits and must be completed by Borrower and Contractor. (see DSHA for forms)

**Minimum Construction/Rehabilitation Standards**

Page 24
Introduction was added to read:
• Delaware State Housing Authority ("DSHA") and DSHA staff have specifically relied on the representations contained in the documents provided by the Developer, Borrower and their respective professionals, including but not limited to, their architects, contractors, engineers, surveyors and attorneys (collectively "Developer"). The Developer is responsible for complying with DSHA's minimum construction and rehabilitation standards along with all rules, ordinances and laws of all legal entities and authorities having jurisdiction over the development, and the construction and/or alteration of the development, whether or not such requirements are specifically addressed in the plans and specifications or by DSHA's review. DSHA's agreement to proceed with closing on a loan or other transaction shall not constitute in any manner whatsoever a final approval of the construction/rehabilitation of a development.

• **Fair Housing Amendments Act:**
  All projects are required by law to meet the handicap-accessibility standards outlined in the Fair Housing Laws, including the Federal Fair Housing Amendments Act of 1988 (the "Act"). The law provides that failure to design and construct certain residential dwelling units to include certain features of accessible design will be regarded as unlawful discrimination.

• **The Americans with Disabilities Act:**
  All projects are required by law to meet the handicap accessibility standards outlined in the Americans with Disabilities Act (ADA). The law provides that failure to design and construct certain public accommodations to include certain features of accessible design will be regarded as unlawful discrimination. ADA Legislation was passed in July 1990 and became effective on July 26, 1992. Title II deals with non-discrimination on the basis of disability by public accommodations and in commercial facilities. Public accommodations includes all new construction effective January 26, 1993 and impacts any rental office, model unit, public bathroom, building entrances, or any other public or common use area. Existing public accommodations must be retrofitted or altered beginning January 26, 1992, unless a financial or administrative burden exists. The ADA guidelines do not impact residential units, since these are covered under Fair Housing and Section 504 laws.

• **Delaware State Accessibility Standards:**
  All projects are required by law to meet the handicap accessibility standards as outlined in the Delaware State Accessibility Standards. The design and construction guidelines are enforced by state and/or local building code officials. Compliance with these guidelines is mandatory in order to receive a Certificate of Occupancy for your proposed development.

1. Site Work - the following sentences were added:
   • All new construction shall be designed to obtain 100% accessible routes to all units.
   • New construction and rehabilitation/conversion developments (includes common areas, rental offices, etc.) shall comply with State Architectural Accessibility Standards, Fair Housing, and ADA. Most stringent requirements will apply.
Page 25
1. Site Work - the following sentence was added:
   • A grading and landscaping plan shall be provided for all projects prior to closing.

4. Doors and Windows - the following sentences were changed to read:
   • Interior door shall be six-panel Masonite or better. Tops and bottoms of all interior and
     exterior doors must be painted.
   • No bi-fold or bi-pass closet doors; all closets to have a hinged door. If code requires metal
     bi-fold door application, doors to be installed in wood frame with wood trim.
   • Windows shall be thermal insulated with a minimum "U" value of 0.35 or below.
   • Unit numbering and building identification numbers shall be provided and approved by the
     Fire Marshal.

4. Doors and Windows - the following sentences were added:
   • Entry doors shall have a minimum "U" value of 0.35 or below. Frame savers shall be used
     if jamb frame is wood, if available.
   • Entry door shall have either doorbell or knocker and peep hole (eye viewer), no polished
     brass.

Page 26
5. Finishes - the following sentence was changed to read:
   • VCT flooring shall be used for entry areas, bathroom, kitchen and utility areas unless prior
     approval is given by DSHA. (A minimum of two color fields required)

6. Specialties - the following sentence was changed to read:
   • One-piece bathtub unit. If space constraints will not allow, rigid fiberglass surrounds
     (Swanstone RM058, or equal will be used in conjunction with tub. No plastic surrounds
     will be allowed. Select style based on adaptability. Base shall have quarter round molding
     if gap is present.

7. Equipment
   Appliances - the following sentence was added:
   • All appliances will be Energy Star.

7. Equipment
   Appliances - the following sentence was changed to read:
   • Refrigerators shall be front free--minimum of 15 cubic feet and have recessed pulls.

Page 27
9. Mechanical - the following sentence was changed to read:
   • If natural gas is available for site, full gas package to be installed unless otherwise approved
     by DSHA (i.e. all appliances, hot water heater and furnace). Provide hard wire Carbon
     Monoxide detector with gas package.

10. Electrical - the following sentence was added:
    • Provide one telephone and cable outlet in each bedroom and one other telephone and cable
        outlet.
10. Electrical - the following sentence was changed to read:
   - ARC Fault Circuit Interrupter must be provided on all bedroom circuits.

11. Miscellaneous - the following sentences were added:
   - A termite inspection and certificate shall be provided for all rehabilitation projects prior to closing.
   - Termite pre-treat of soils is required for all new construction.

11. Miscellaneous - the following sentences were changed to read:
   - If common hallways are designed, no carpet. VCT to be installed in common hallways with two color required.
   - All developments must be provided with adequate laundry facilities on site or washer and dryer hook ups in each unit. Laundry facilities must meet ADA requirements for front loading washing machines.

Page 28
NOTE 5 - the following note and sentence were added:
   - All projects with below grade habitable space (units, common space, laundry rooms) will require an assessment to determine possible water infiltration/moisture problem, which could directly affect the overall total development budget.

Pages 41-55
Relocation Assistance Policy - added in its entirety.

Tax Credit Application Package HDF Supplement

Page 4
Minimum Eligibility Requirements

1st paragraph- net equity has been changed to 81 cents.

Page 6
DSHA's minimum required equity contribution is changed from 78 cents to 81 cents.

Page 9
Note 6 - paragraph 2, added - (see DSHA for calculation).

Exhibit 60-2005 Points Worksheet
Maximum point score increased from 110 to 115 points.